

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

JULY 2, 1999

IN RE:

**MCI TELECOMMUNICATIONS
CORPORATION TARIFF TO
REDUCE TOLL RATES**

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DOCKET NO. 99-00257

ORDER APPROVING TARIFF AS FILED

This matter came before the Tennessee Regulatory Authority ("Authority") at the regularly scheduled Authority Conference held on June 22, 1999, for consideration of Tariff 99-00257 (the "Tariff") filed by Petitioner, MCI Telecommunications Corporation ("MCI"). MCI filed the Tariff with Authority on April 14, 1999, with a proposed effective date of April 1, 1999, to reduce long distance rates in response to an April 1, 1999 access reduction by BellSouth. As a duly certified IXC operating in Tennessee, MCI is required to flow through access savings to its customers by reducing its long distance rates in accordance with Rule 1220-4-2-.55(2) (the "IXC Rule"). Section (d)(2) of this Rule (below) describes the required rate change required and how it is to be calculated:

The DDD prices and price cap shall be adjusted to reflect any changes in access charges to IXCs. DDD service rates shall be adjusted within thirty days of any access charge change and the price cap for DDD shall be adjusted on an annual basis. The amount of any access charge change for the DDD service category for each IXC shall be the per minute reduction based on total intrastate minutes of use applied to the intrastate minutes of use in the DDD category for each IXC. The minutes of use shall be those reported in the most recent annual reports under subsection (2)(I)6 of this rule.

MCI's filing did not include the minutes of use in the DDD services category for apportioning the amount of access savings to flow through to DDD services. The Company indicates that a

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break-down of minutes between DDD and non-DDD services is unnecessary and irrelevant information in evaluating its tariff filing.¹ This information is not only relevant but is required under Rule 1220-4-2-.55(2)(I)(6) which states:

“Each IXC shall file reports annually by April 1st containing ...(2) total intrastate minutes of use (separated into total DDD intrastate minutes of use and all other services minutes of use....”

During this proceeding, it was also discovered that MCI’s most recent annual report filed with the Authority, for which access flow through calculations are based, does not separate minutes of use into DDD and non-DDD categories.

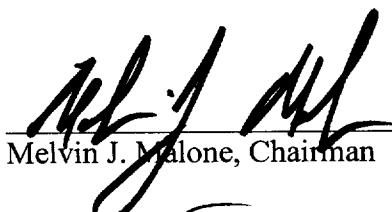
The Authority finds that, pursuant to Rule 1220-4-2-.55(2), MCI has failed to justify the amount access savings for DDD services. Accordingly, the Authority cannot conclude that MCI has flowed through the appropriate amount to DDD rates. The Authority also finds that MCI has not complied with the reporting requirements contained in Rule 1220-4-2-.55(2)(I)(6).

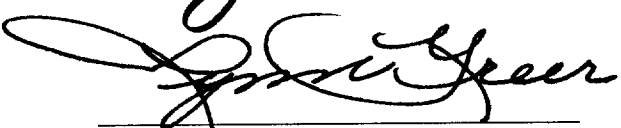
After considering the record in this matter, the Directors unanimously voted to approve the Tariff, recognizing the benefits of the proposed rate reductions. The Directors also recognize that such reductions must be made in accordance with the provisions of Rule 1220-4-2-.55(2). Therefore, in approving the Tariff, the Directors instructed MCI to provide supporting calculations by July 1, 1999, demonstrating that it has complied with Rule 1220-4-2-.55(2) by making the appropriate rate reductions to the DDD service rate categories. More specifically, the Authority directed MCI to calculate its access reduction by multiplying its per minute access reduction by the intrastate minutes of use in the DDD services category as filed in the most recent annual report. The Directors also stated that MCI should refile or amend its annual report to comport with the provisions of Rule 1220-4-2-.55. Finally, MCI was instructed to base any proposed rate reductions on minutes of use from the same time period as the annual report.


¹ MCI letter to the Authority dated May 12, 1999.

IT IS THEREFORE ORDERED THAT:


1. Tariff 99-00257 as filed by MCI Telecommunications Corporation on April 14, 1999, is approved.
2. MCI Telecommunications Corporation refile or amend its annual report(s) to separate minutes of use into DDD and non-DDD service categories.
3. MCI Telecommunications Corporation provide supporting calculations by July 1, 1999 demonstrating that it has complied with Rule 1220-4-2-.55(2) by making the appropriate rate reductions to the DDD service rate categories. More specifically, MCI shall calculate its access reduction by multiplying its per minute access reduction by the intrastate minutes of use in the DDD services category as filed in the most recent annual report. Further, any proposed rate reductions shall be based on minutes of use from the same time period of the annual report.


Melvin J. Malone, Chairman


H. Lynn Greer, Jr., Director


Sara Kyle, Director

ATTEST:


K. David Waddell
Executive Secretary